

URBANIZED AREA FORMULA PROGRAM (49 U.S.C. § 5307)

Section 5307 is a formula grant program for urbanized areas providing capital, operating, and planning assistance for mass transportation. This program was initiated by the Surface Transportation Act of 1982 and became FTA's primary transit assistance program in FY 1984. Funds are apportioned to urbanized areas utilizing a formula based on population, population density, and other factors associated with transit service and ridership.

Section 5307 urbanized area formula funds are available for transit improvements for 38 urbanized areas over 1 million population, 114 urbanized areas with populations between 200,000 and 1 million, and 314 urbanized areas between 50,000 and 200,000 population (which includes 313 designates as such by the Census Bureau and the Virgin Islands which is treated as an urbanized area in accordance with language in SAFETEA-LU). For urbanized areas over 200,000 in population, funds flow directly to the designated recipient. For areas under 200,000, the funds are apportioned to the Governor of each state for distribution.

Language in TEA-21 and SAFETEA-LU requires that one percent of Section 5307 funds apportioned to an urbanized area with a population of 200,000 or more be used for transit enhancement projects that physically or functionally enhance transit service or use. In accordance with SAFETEA-LU, starting with FY 2006 funding, one-percent of funds made available for Section 5307 is set-aside and apportioned to small urbanized areas using select performance criteria under the new Small Transit Intensive Cities. In addition, funds apportioned to urbanized areas under the Section 5340 Growing States and High Density States formula (which use forecasted population and population/population density factors, respectively) are combined with Section 5307 funds.

Preventive maintenance, defined as all maintenance costs, is eligible for FTA capital assistance at an 80 percent Federal share. FY 2006 operating assistance is available to all urbanized areas with a population under 200,000. It is also available to eligible urbanized areas that crossed over the 200,000 population threshold for the first time under the 2000 Census, and is available for use in that portion of a 2000 Census UZA with a population of 200,000 or more that was nonurbanized under the 1990 Census – in accordance with Sec. 7(n) of Pub. L. 108-263. In addition, an exception in TEA-21 made operating assistance available, in an urbanized area 200,000 or more in population, to transit providers that provide service exclusively to elderly persons and persons with disabilities.

In FY 2006, a total of \$4.8 billion of Section 5307 funds was obligated. Of this amount, \$4.3 billion or 90 percent was used for capital; \$369.3 million or 8 percent for operating; and \$55.1 million or 1 percent for planning assistance. Funds were obligated to 502 FTA grantees. As a group, the urbanized areas with population over 1 million obligated the largest share of the funds, \$3.5 billion or 73 percent. A total of \$709 million of 5307 funds was obligated for the purchase of a total number of 4,189 vehicles.

As in previous years, flexible funds transferred from FHWA had a significant impact on the availability of funds for obligation. In FY 2006, a total of \$1.2 billion was transferred to the urbanized area formula program. The total flexible funds obligated for this program were

\$1.2 billion, some of which was carryover of funds transferred in prior years. The program sources of these obligations are: Congestion Mitigation and Air Quality (CMAQ), \$605.8 million (51 percent); and Surface Transportation Program (STP), \$553.7 million (47 percent) and \$19.8 million (2 percent) in other transfers.